

**BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH**

IN THE MATTER OF THE NOTICE OF AGENCY ACTION FOR AN ORDER FORFEITING TO THE STATE OF UTAH ALL INTERESTS IN THE CERTIFICATE OF DEPOSIT #8517289131 IN THE AMOUNT OF \$40,000.00 BEING HELD BY WELLS FARGO BANK FOR AND ON BEHALF OF THE STATE OF UTAH; AND FORFEITING TO THE STATE OF UTAH THE SURETY BOND OKC605213 IN THE AMOUNT OF \$80,000.00 PROVIDED BY AMERICAN SAFETY CASUALTY INSURANCE COMPANY; AND DIRECTING THE DIVISION TO USE THE SUMS FORFEITED FOR THE PLUGGING AND ABANDONMENT OF THE FOLLOWING WELLS OPERATED BY QUANECO LLC: CRANE 4-4; CRANE 12-4; STACEY HOLLOW 14-35; MURPHY RIDGE 1-32; AND CRANE 16-4 LOCATED IN RICH COUNTY, UTAH

NOTICE OF HEARING

Docket No. 2014-013
Cause No. 281-01

THE STATE OF UTAH TO ALL PERSONS INTERESTED IN ABOVE ENTITLED MATTER.

Notice is hereby given that the Board of Oil, Gas and Mining ("Board"), State of Utah, will conduct a hearing on **WEDNESDAY, MARCH 26, 2014, at 9:00 AM**, or as soon thereafter as possible, in the auditorium of the Department of Natural Resources, 1594 West North Temple, Salt Lake City, Utah.

The hearing will be conducted as a formal administrative adjudication in accordance with the rules of the Board as set forth in Utah Administrative Code R641 et seq. and as provided for in Utah Code Ann. § 40-6-1 et seq. and Utah Code Ann. § 63G-4-101 through 601.

The purpose of the hearing will be for the Board to receive testimony and evidence regarding a Notice of Agency Action that the Board enter an Order:

1. Forfeiting to the Division: (A) all interest in Certificate of Deposit #8517289131 (in the amount of \$40,000.00) being held by Wells Fargo Bank for and on behalf of the State of

Utah; and (B) the Surety Bond # OKC605213 (in the amount of \$80,000.00) provided by American Safety Casualty Insurance Company; and

2. Directing the Division to take any or all of the following actions as permitted by R649-3-1(16.4) including: (A) Proceed to collect forfeited amounts by appropriate action; (B) Use the funds to complete the plugging and restoration of the Quaneco Wells: Crane 4-4; Crane 12-4; Stacey Hollow 14-35; Murphy Ridge 1-32; and Crane 16-6, all located in Rich County, Utah; C. Enter into a written contract with the operator or another party to perform the plugging and restoration operations in accordance with a compliance schedule established by the Division, so long as the party has the ability to perform; and (D) Allow a surety to complete the plugging and restorations if the surety can demonstrate that it is able.

3. In the event the amount forfeited is insufficient to pay for the full cost of the plugging and restoration, authorize the Division to complete the work and take any and all actions necessary including filing of a civil action to recover from Quaneco all costs in excess of the amount forfeited.

4. Providing for such other and further relief as may be just and equitable under the circumstances.

Objections to the Notice of Agency Action must be filed with the Secretary of the Board at the address listed below no later than the 10th day of the month, or two weeks before the scheduled hearing, whichever is earlier. A party must file a timely written objection or other response in order to participate as a party at the Board hearing. Failure to participate can result in a default judgment.

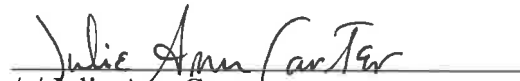
Natural persons may appear and represent themselves before the Board. All other representation by parties before the Board will be by attorneys licensed to practice law in the State of Utah, or attorneys licensed to practice law in another jurisdiction which meet the rules of the Utah State Bar for practicing law before the Utah Courts.

Persons interested in this matter may participate pursuant to the procedural rules of the Board. The Notice of Agency Action, and any subsequent pleadings, may be inspected at the office of the undersigned, and inspected online at the Utah Board of Oil, Gas and Mining's website at <http://ogm.utah.gov/amr/boardtemp/redesign/books.html>.

Pursuant to the Americans with Disabilities Act, persons requiring auxiliary communicative aids and services to enable them to participate in this hearing should call Julie Ann Carter at (801) 538-5277, at least three working days prior to the hearing date.

DATED this 27th day of February, 2014.

STATE OF UTAH
BOARD OF OIL, GAS AND MINING
Ruland J. Gill, Jr., Chairman


/s/ Julie Ann Carter
Board Secretary
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84116
(801) 538-5277

CERTIFICATE OF PUBLISHED NOTICE

I hereby certify that I caused a true and correct copy of the foregoing NOTICE OF HEARING for Docket No. 2014-013 Cause No. 281-01 to be PUBLISHED in the following newspapers on the following days:

March 2, 2014:

The Salt Lake Tribune and Deseret Morning News, newspapers of general circulation in Salt Lake City and County.

March 2, 2014:

The Herald Journal, a newspaper of general circulation in Box Elder, Cache, and Rich Counties.

A handwritten signature in cursive script, reading "Julie Ann Carter", is written over a horizontal line.

CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing NOTICE OF HEARING for Docket No. 2014-013, Cause No. 281-01, to be mailed with postage prepaid, via E-mail or First Class Mail, this 3rd day of March, 2014, to the following:

Harrison Schumacher
22801 Ventura Blvd. Suite 200
Woodland Hills, CA 91364
And by email to: fatchanceog@aol.com

Quaneco, L.L.C.
22801 Ventura Blvd. Suite 200
Woodland Hills, CA 91364
And by email to: wnicholson@quaneco.com

CT Corporate System
Registered Agent for Quaneco
1108 East South Union Ave.
Midvale, UT 84047

American Safety Casualty Insurance Co.
100 Galleria Parkway, S.E. Suite 700
Atlanta, GA 30339
And by email to: www.amsafety.com

Wells Fargo Bank
3912 Gillette Business Banking Center
500 South Douglas Highway
Gillette, WY 82716

Wells Fargo Bank
Legal Order Processing
P.O. Box 29779
Phoenix, AZ 85038

Wells Fargo Bank
5751 Telephone Road
Ventura, CA 93003

Michael S. Johnson
Assistant Attorney General
Utah Board of Oil, Gas & Mining
1594 West North Temple, Suite 300
Salt Lake City, UT 84116
[Via E-mail]

Steven F. Alder
Assistant Attorneys General
Utah Division of Oil, Gas & Mining
1594 West North Temple, Suite 300
Salt Lake City, UT 84116
[Via E-mail]